



GRAIN TRANSPORTATION REPORT

Agricultural Marketing Service
United States Department of Agriculture



JANUARY 9, 2001

Summit Demonstrates Rail-Grain Dependence (part 3 of 3). At the recent USDA-sponsored Agricultural Transportation Summit, speakers from the rail industry discussed implications of policy decisions and market demand and their influence on such things as infrastructure, competition, rail capacity, and customer service.

Charles White, Associate Administrator for Policy and Program Development at the Federal Railroad Administration (FRA), characterized the industry as being exemplary by world standards. He did, however, raise several issues which may determine the future strength of the industry and its ability to adequately serve the agricultural sector. While the Surface Transportation Board (STB) works to maintain a level of competition by establishing merger guidelines, White feels that even more important issues are capacity and infrastructure. Traffic at U.S. port areas, for example, is rapidly approaching capacity, and it is uncertain how space will be allocated with regard to rail movements and agriculture. Necessary long-term infrastructure investment is also uncertain. Federal support may be needed to help railroads operate and develop infrastructure. White expressed doubt that e-commerce will meet its expectations since there is no guarantee that the underlying transportation system will keep pace with information technology. Instead, "positive train control," such as computer-assisted scheduling, will allow the industry to overcome capacity constraints. One significant change is that the industry is becoming more contract-carrier than common-carrier oriented. It is, therefore, becoming discriminating and losing its common carrier obligation. He noted, however, that railroads must deal with the volatility of agricultural railcar supply and should not be expected to maintain a fleet to account for this volatility. One solution may be to create a free-flowing car pool subject to third-party computerized management.

Steve Bobb, Group Vice President of Agricultural Products at the Burlington Northern Santa Fe Railroad (BNSF), discussed the Class 1 railroads' perspective and steps they have taken to accommodate the agriculture industry. Bobb focused on the aspects of increased capacity, improved service, and lower cost. It was noted that the capital expenditures of BNSF have exceeded its operating expenditures from 1994 through 1999, with more than \$10.5 billion invested since 1995. Despite investor concern, BNSF felt it was necessary to improve service through the purchase of 1,400 locomotives to accommodate the annual fall grain peak, as well as to invest heavily in grain cars and rehabilitation of grain cars. This, he is confident, is beginning to result in operating efficiencies and improved customer service. Accordingly, Bobb noted that creating efficiencies through load centering, necessitating investment in larger elevator facilities for grain shippers, is not unique to rail transportation. In comparison, he noted that barge companies are seeking to move larger tows through locks, and ocean freighters are seeking to call at fewer ports to load vessels. Bobb also stated that BNSF will remain committed to improved service at lower cost, although he did not feel it could provide equal service to all customers. There will be continued focus on single car service improvement, for example, which will require substantial investment due to its information- and technology-intensive nature.

Diane Duff, Executive Director of Alliance for Rail Competition (ARC), spoke on behalf of a diverse coalition of rail customers. Concerns of ARC include ensuring customer access to a flexible transportation structure, encouraging adequate competition, and meeting the need to promote growth and development in rural America. With significantly fewer but larger Class 1 rail carriers since the Staggers Act of 1980, Duff views the biggest dilemma as market domination and a lack of customer choice. She noted that the option of truck and barge transport is not a practical choice for many shippers. Rail volume has not increased appreciably in the last 50 years, which she attributed largely to a lack of customer service. Increased market-based, rail-to-rail competition, she feels, will not only promote capital investment and customer service, but also improve profit and revenue for railroads. In achieving and expanding rail choice, Duff noted that the STB would likely not be a realistic option, since its focus is on competition with other modes and not between railroads and since the proposed merger rule ignores existing competitiveness problems and identifies no specific requirement for enhancing competition. Instead, ARC supports the Rail Competition and Service Act. Several ways to increase competition, according to the coalition, would be to clarify rail transport policy, require rates over bottleneck segments, promote competition within terminal areas, address special concerns of captive low-volume agricultural shippers, eliminate the annual revenue adequacy test, streamline market domination determinations, and require railroads to submit performance reports to the Department of Transportation.

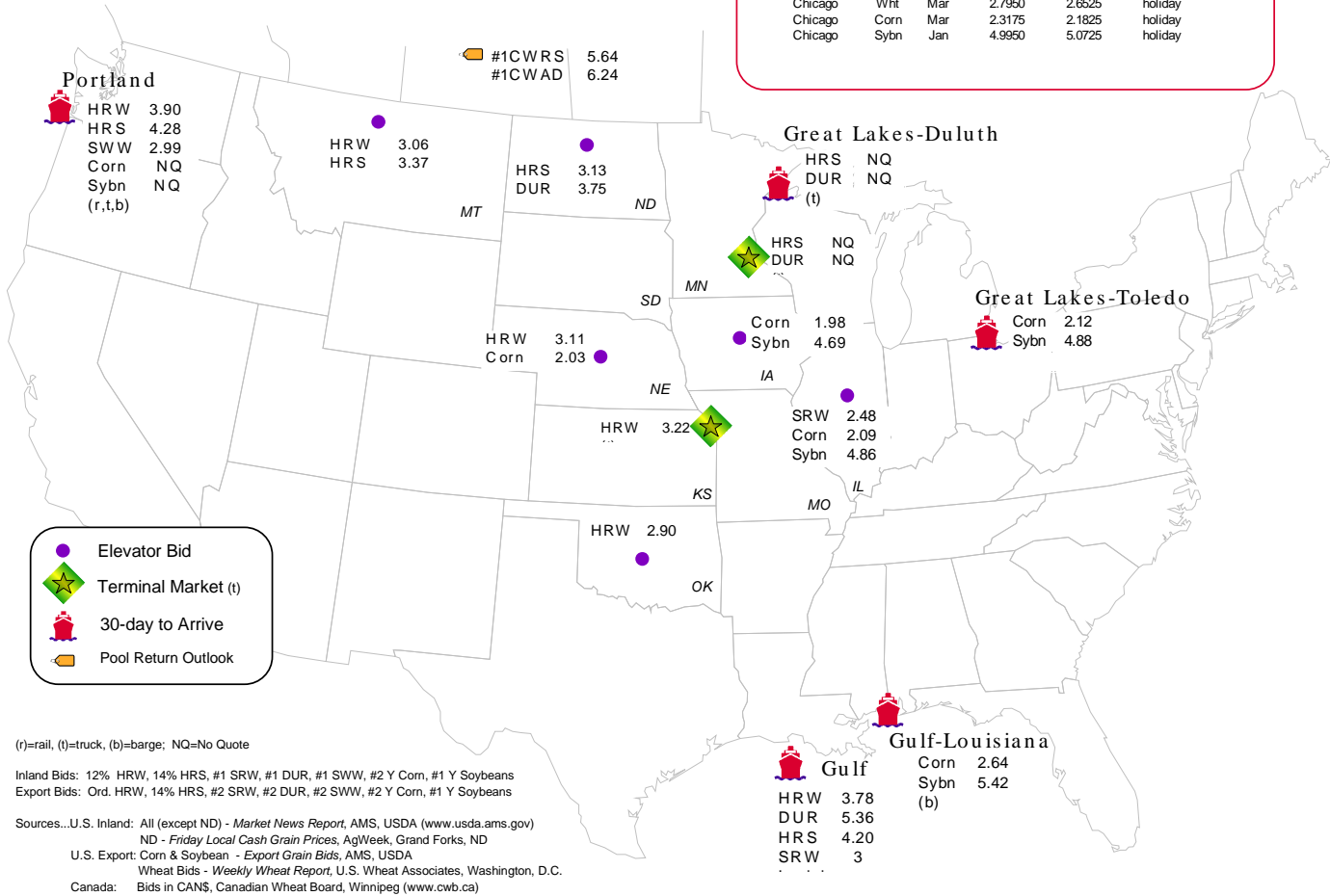
Frank Turner, President of American Short Line and Regional Railroad Association, described the concerns of his constituents. The biggest problem, according to Turner, is that of heavy axle loading; that is, the move from 263,000-pound to 286,000-pound railcars. Although more efficient and beneficial to Class 1 carriers, short lines with a limited customer base and funding availability are finding it difficult to justify or even to afford the investment. After a failed attempt to derive funding from the 4.3-percent fuel tax paid by railroads, Turner is hopeful that a bill to be introduced in Congress will provide short lines with \$250 million per year for 2 years, with the FRA to decide on its allocation. Failure to upgrade, Turner fears, will result in a shrinking national rail system, the small shipper being disadvantaged, increased maintenance on roads, and impacts on safety.

Presentations are available through the live webcast at the USDA's Internet site: <http://www.ams.usda.gov/tmd/summit/webcast.htm>

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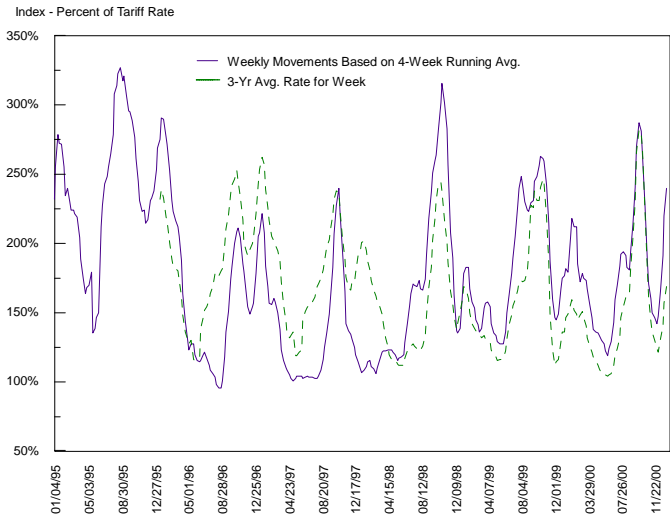
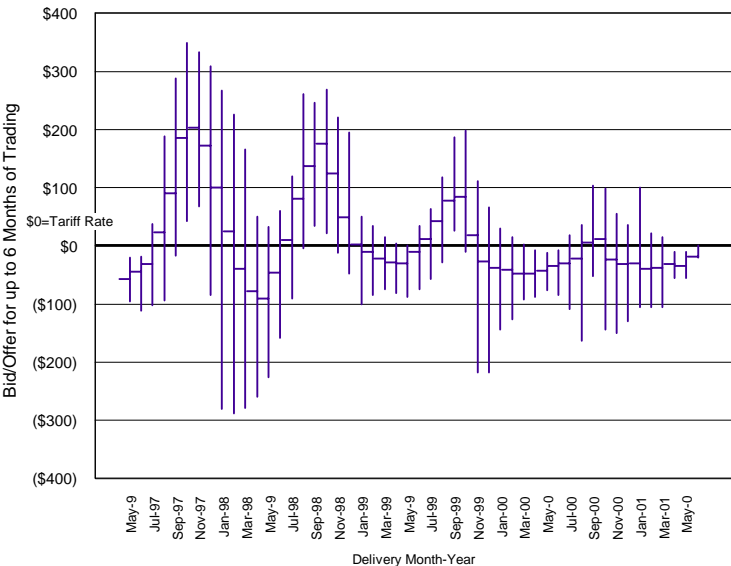
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Grain Bid Summary



Spot Barge Rate - Illinois River

Secondary Rail Market Bids



Rail Car 'Auction' Offerings

Delivery for:	Jan-01			
	<u>Offered</u>	<u>% Sold</u>	<u>Offered</u>	<u>% Sold</u>
BNSF-COT	12,141	28%	12,141	15%
UP-GCAS	5,400	0%	5,400	0%

Source: Transportation & Marketing /AMS/USDA; www.bnsf.com; www.uprr.com

Secondary Rail Car Market

Average Premium/Discount to Tariff, \$/Car - Last Week

	Delivery Period			
	Jan-01	Feb-01	Mar-01	Apr-01
BNSF-GF	\$165	\$55	\$20	\$(14)
UP-Pool	na	\$10	\$(3)	\$(41)

Source: T&M/AMS/USDA. Data from Atwood/ConAgra., Harvest States Co-op, James B. Joiner Co., Tradewest Brokerage Co.;

GF=Guaranteed Freight, GEEP=Guaranteed Eqpt. Exchange, Pool=Guaranteed Pool

note... bids listed are market INDICATORS only & are NOT guaranteed prices, missing value=No Bid Quoted

Railroad Car 'Auction' Results

Average Premium/Discount to Tariff, \$/Car - Last Auction

Delivery for:	Feb-01	Mar-01	Apr-01
COT/N. Grain	\$26	\$1	no bid
COT/S. Grain	\$6	\$0	no bid
GCAS/Region 2	no bid	no bid	no offer
GCAS/Region 4	no bid	no bid	no offer

Source: T&M/AMS/USDA. Data from www.bnsf.com, www.uprr.com, (COT=Certificate of Transportation; GCAS=Grain Car Allocation System)**Southbound Barge Freight Nominal Values**

Index=Percent of Tariff, Based on 1976 Tariff Benchmark Rate

Week ended	River/Region	Contract Period	Rate	
			Bid	Offer
12/5/00	St. Louis	twk	125	135
		nwk.	130	135
		2 nd half Dec.	130	140
	Illinois River	Jan.-Mar.	130	140
		twk	160	170
	Illinois River	nwk.	170	175
		12/17	170	180
	Lower Ohio	twk	135	145
		12/17	140	145
		Jan.	150	155
		Mar.	140	145

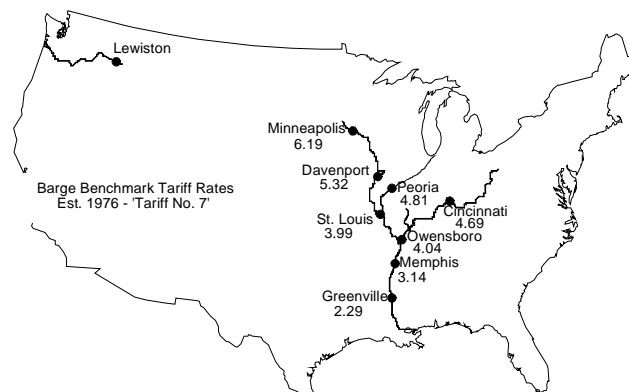
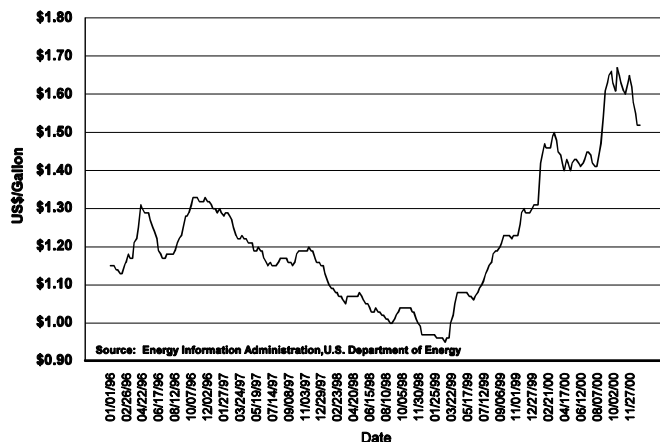
Southbound Barge Freight Spot Rates

	1/3/00	12/27/00	Feb. '00	Apr. '00
Twin Cities	0	0	0	206
Mid-Mississippi	0	0	0	180
Illinois River	255	260	193	168
St. Louis	176	186	152	148
Lower Ohio	151	138	148	146
Cairo-Memphis	121	120	127	130

Source: Transportation & Marketing /AMS/USDA

nq=no quote;

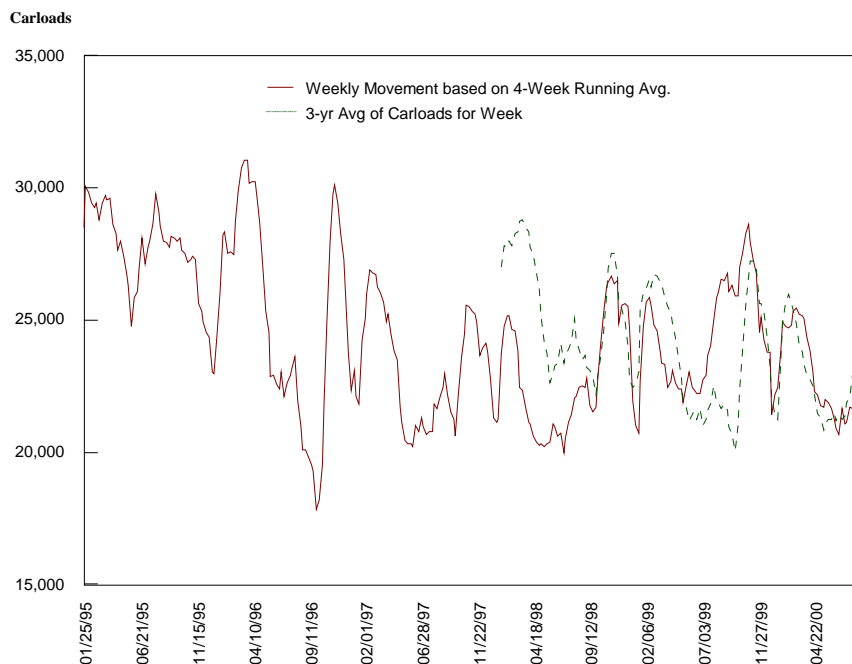
Summary Of Daily Barge Trades Will Be Revised (Later) In January 2001.

Weekly Retail Diesel (Road) Prices (Including Taxes)

Grain Car Loadings for Class I Railroads

Class I Railroad Grain Car Loadings	
Week Ending:	Carloads
36890	14,909
01/06/01	18,666
01/13/01	23,270
Year to Date - 2001	41,936
Year to Date - 2000	51,953
Total 2000	1,188,917
Total 1999	1,270,375

Source: Association of American Railroads



Class I Rail Carrier Grain Car Bulletin

Grain Carloads Originated

Grain Carloads Originated									
			<u>East</u>		<u>West</u>			<u>Canada</u>	
	Conrail	CSXT	IC	NS	BNSF	KCS	UP	CN	CP
01/13/01	0	2,997	0	3,305	9,095	619	7,254	4,963	5,268
This Week Last Year	0	3,400	1,537	3,295	9,309	848	7,563	3,077	3,378
2001 YTD	0	5,594	0	6,246	16,573	813	12,710	8,766	9,404
2000 YTD	0	6,490	3,453	6,294	18,786	1,387	15,543	5,565	6,342
2000 Total	0	147,708	70,155	153,905	425,849	26,515	364,785	160,749	239,670
1999 Total	15,522	132,157	88,056	138,379	465,088	33,911	398,262	121,381	206,328

Source: Association of American Railroads

Tariff Rail Rates for Unit Train Shipments

January 2000

Date Effective	Tariff Item	Commodity	Origin	Destination	Rate Per Car	Rate Per MT	Rate/Per Bushel*
01/08/01	45560	Wheat	Minneapolis, MN	Houston, TX	\$2,050	\$22.60	\$0.62
01/08/01	43521	Wheat	Minneapolis, MN	Portland, OR	\$3,877	\$42.74	\$1.16
01/08/01	46540	Wheat	Kansas City, MO	Houston, TX	\$1,550	\$17.09	\$0.47
01/08/01	43586	Wheat	Kansas City, MO	Portland, OR	\$4,240	\$46.74	\$1.27
01/08/01	43581	Wheat	Omaha, NE	Portland, OR	\$3,905	\$43.04	\$1.17
01/08/01	31040	Corn	Minneapolis, MN	Portland, OR	\$2,900	\$31.97	\$0.81
01/08/01	31035	Corn	Kansas City, MO	Portland, OR	\$2,700	\$29.76	\$0.76
01/08/01	31040	Corn	Omaha, NE	Portland, OR	\$2,700	\$29.76	\$0.76
01/08/01	61180	Soybean	Minneapolis, MN	Portland, OR	\$2,680	\$29.54	\$0.80
01/08/01	61180	Soybean	Omaha, NE	Portland, OR	\$2,430	\$26.79	\$0.73
05/01/98	61180	Soybean	Omaha, NE	Portland, OR	\$2,780	\$25.23	\$0.83

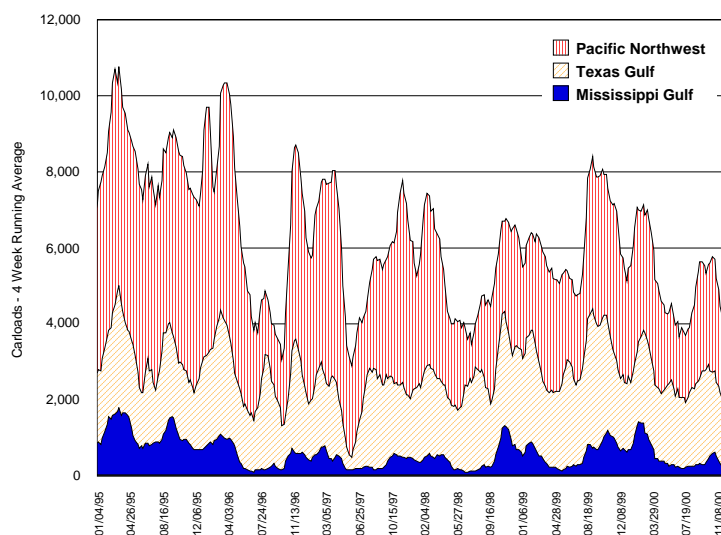
Source: www.bnsf.com

Approximate load per car = 100 tons: Corn 56 lbs/bu, Wheat & Soybeans 60 lbs/bu

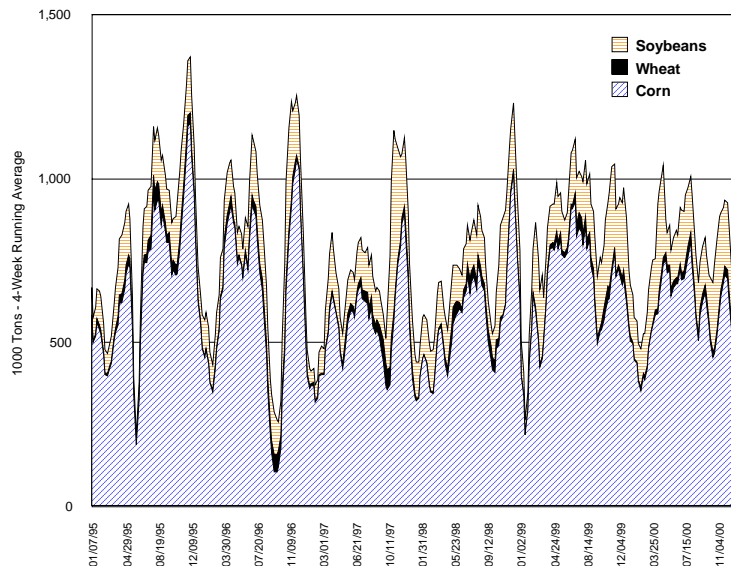
Rail Deliveries to Port**Carloads**

	Mississippi Gulf	Texas Gulf	Pacific Northwest	Atlantic & East Gulf
Week Ending:				
12/13/00	411	1,793	1,591	345
12/20/00	212	1,260	2,016	129
12/27/00	14	1,339	1,350	131
01/03/01	108	826	1,618	610
01/10/01	298	1,499	2,057	455
01/17/01	658	888	3,009	973
YTD 2001	1,064	3,213	6,684	2,038
YTD 2000	2,258	5,730	9,425	950
Total 1998	23,844	115,321	138,461	12,505
Total 1997	20,152	93,265	195,953	9,147

Source: Transportation & Marketing/AMS/USDA

Rail Deliveries to Port

(*) Incomplete Data

Barge Movements - Locks 27**Barge Grain Movements**

for week ending 12/30/00

	Corn	Wht	Sybn	Total
	1,000 Tons			
Mississippi River				
Rock Island, IL (L15)	0	0	0	0
Winfield, MO (L25)	5	0	0	5
Alton, IL (L26)	144	0	28	185
Granite City, IL (L27)	197	24	31	265
Illinois River (L8)	87	0	17	117
Ohio (L52)	87	15	34	183
Arkansas (L1)	0	14	11	25
2000 YTD	33,482	2,518	10,327	48,247
1999 YTD	36,711	2,883	9,771	51,887
Total 1999	36,711	2,883	9,771	51,887
Total 1998	31,001	2,401	8,674	45,134

Miss YTD: Calendar year totals include Miss/27, Ohio/52 and Ark/1.
Source: U.S. Army Corp of Engineers; n/a=not available

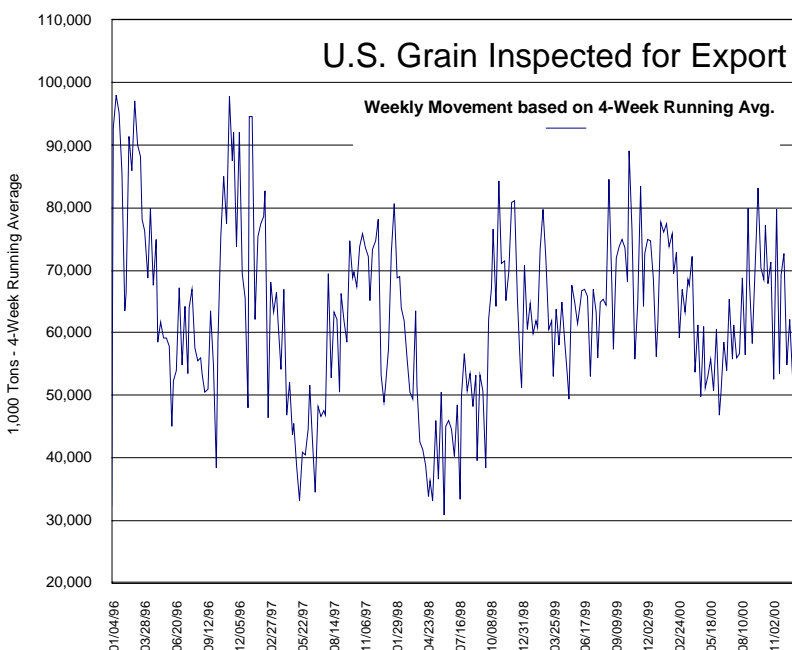
U.S. Export Balances (1,000 Metric Tons)

	<i>HRW</i>	<i>SRW</i>	<i>HRS</i>	<u>Wheat</u> <i>SWW</i>	<i>DUR</i>	<i>All</i>	<u>Corn</u>	<u>Soybean</u>	<u>Total</u>
<u>Unshipped Exports-Crop Year</u>									
01/11/01	998	320	899	604	141	2,962	5,936	6,170	15,068
This Week Year Ago	780	431	725	589	276	2,801	7,524	4,358	14,683
<u>Cumulative Exports-Crop Year</u>									
00/01 YTD	6,063	2,933	3,499	3,159	778	16,432	16,827	12,416	45,676
99/00 YTD	7,584	2,745	3,564	2,535	619	17,047	18,837	17,713	53,597
97/98 Total	9,858	4,710	6,305	5,413	1,232	27,518	37,220	24,516	89,254
96/97 Total	7,387	3,645	7,864	6,105	963	25,965	44,476	24,501	94,942

Source: Foreign Agricultural Service YTD-Year-to-Date (www.fas.usda.gov) Crop Year:Wheat=5/31-6/01, Corn & Soybeans=9/01-8/31**Select U.S. Port Regions - Grain Inspections for Export - 1,000 Metric Tons**

	<u>Pacific Region</u>			<u>Mississippi Gulf</u>			<u>Texas Gulf</u>		
	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>
01/18/01	149	211	60	29	639	464	6	18	58
2000 YTD	320	253	76	114	1,243	704	127	18	58
1999 YTD *	446	310	93	284	1,572	1,072	219	3	51
% of Last Year	3%	6%	12%	2%	4%	5%	2%	3%	4%
1998 Total	10,838	4,373	651	5,048	31,330	14,917	7,270	562	1,392

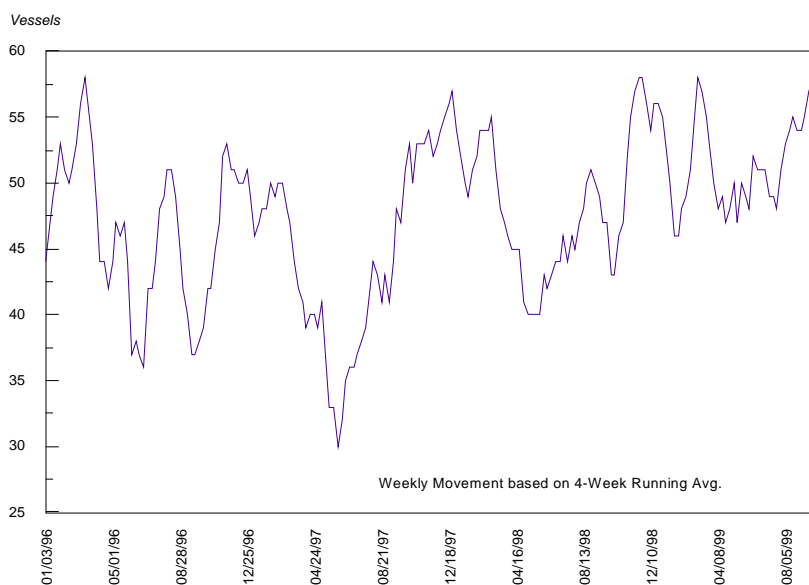
Source: Federal Grain Inspection Service * YTD-Year-to-Date (*98 = 53 week period)

**Select Canadian Ports - Export Inspections**
1,000 Metric Tons, Crop Year

	<u>Wheat</u>	<u>Durum</u>	<u>Barley</u>
Week Ended: 1/04/01			
Vancouver	2,925	204	538
Prince Rupert	458		0
Prairie Direct	471	160	143
Thunder Bay	492	171	36
St. Lawrence	1,491	1,068	25
2000 YTD Exports	5,837	1,603	742
1999 YTD Exports	5,823	1,666	603
% of Last Year	100%	96%	123%

Source: Canadian Grains Commission

YTD-Year-to-Date Crop Year 8/1-7/31



**Gulf Region
Vessels Loaded
- Past 7 Days-**

Port Region Ocean Grain Vessels

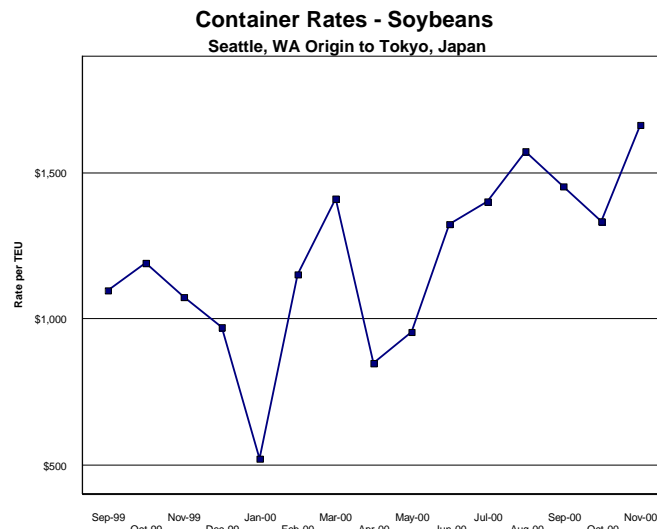
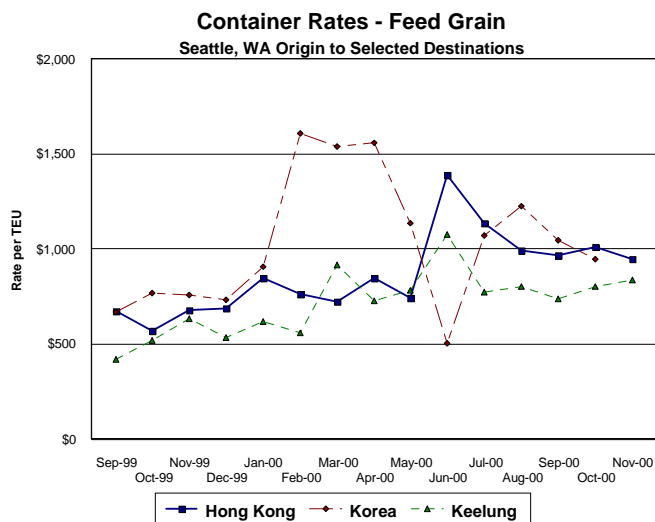
	Gulf			Pacific Northwest			Vancouver, B.C.		
	<u>In Port</u>	<u>Loaded 7-Days</u>	<u>Due Next 10-Days</u>	<u>In Port</u>	<u>Loaded 7-Days</u>	<u>Due Next 10-Days</u>	<u>In Port</u>	<u>Loaded 7-Days</u>	<u>Due Next 10-Days</u>
01/11/01	40	44	58	11			18	14	1
01/18/01	35	43	59	9			13	11	2
1999 Range	(14..47)	(39..65)	(34..80)	(6..18)			(2..20)	(2..15)	(0..9)
1998 Range	(19..62)	(34..64)	(40..93)				(1..19)	(3..14)	(0..10)
1999 Avg	32	52	65				9	9	3
1998 Avg	40	48	61				10	9	3
1997 Avg	33	45	58						

Source: Transportation & Marketing /AMS/ USDA

Container Ocean Freight Rates

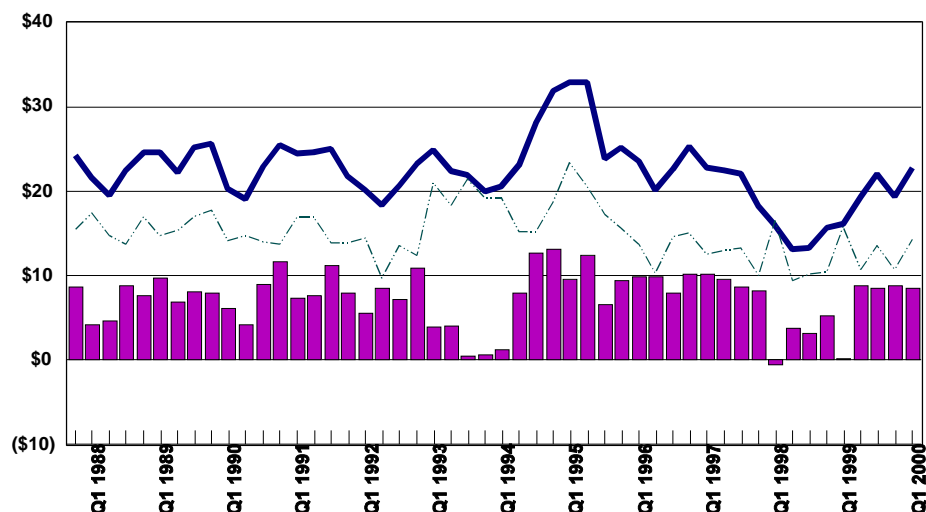
Monthly Weighted Averages Based on Shipping Line Monthly Mkt. Share

Source: Transportation & Marketing/AMS/USDA



— Rate - Gulf to Japan
 - - - Rate - PNW to Japan
 ■ Spread - Gulf vs. PNW to Japan

US\$/Metric Ton



Quarterly Ocean Freight Rates

Quarterly Ocean Freight Rates

Average Rates & Percentage Changes, U.S. Dollars/Metric Ton - Basis

	2000 3 rd Qtr	1999 3 rd Qtr	% Change		2000 3 rd Qtr	1999 3 rd Qtr	% Change
Gulf to				Pacific NW to			
Japan	\$24.76	\$19.46	27%	Japan	\$15.43	\$10.71	44%
Mexico	\$16.11	\$14.97	8%	Red Sea/ Arabian Sea	\$29.03		
Venezuela	\$15.13	\$12.64	20%				
N. Europe	\$18.07	\$13.31	36%	Argentina to			
N. Africa	\$34.19	\$18.20	88%	N. Europe	\$18.62	\$13.94	34%
				Japan	\$36.42	\$23.00	58%

Source: Transportation & Marketing/AMS/USDA; (*) rates shown are for metric ton (2,204.62 lbs.=one metric ton)

Ocean Freight Rates (Select Locations) - week ending 1/6/01

Export Region	Import Region	Grain	Month	Volume Loaded (Tons)	Freight Rate (\$/Ton)
Gulf	Venezuela	Corn/Meals	Spot	15,000/5,000	\$13.00
Gulf	Cape Verde	Wheat/Corn	Jan.8/18	14,500/3,000	\$13.00
Gulf	Lisbon/Hamburg	Grains	Prompt	20,000	\$18.00
Gulf	China	Heavy Grain	Jan.8/15	55,000	\$21.50
Paranagua	Spain	Heavy Grain	Jan.15/20	50,000	\$13.75
Hamburg	Saudi Arabia	Barley	Spot	55,000	\$14.50

Source: Maritime Research Inc.; rates shown are for long ton (2,240 lbs.=one long ton), F.O.B., except where otherwise indicated; op=option